



# GHCL LIMITED

## INVESTOR PRESENTATION

October 2017



# Safe harbor



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# Financial Snapshot on Q2FY18 performance



Revenue

Increased by 8% from Rs. 665 crore to Rs. 717 crore

EBITDA

Decreased by 23% from Rs. 180 crore to Rs. 139 crore  
(Entire drop is attributable to Textile Segment)

EBITDA  
Margins

Dropped from 26% to 19%

Profit after Tax

Decreased from Rs. 90 crore to Rs. 53 crore

Note :- Figures are recasted to consider impact of Excise/GST accounting treatment

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# Key financial indicators for Q2 FY18



Net Debt/  
EBITDA

Increased to 2.06 as compared to 1.93 in Mar 17

Net Debt/  
Equity

Improved to 0.92 as compared to 1.04 in Mar 17

Total Debt

Decreased to Rs. 1360 crore as compared to  
Rs. 1431 crore in Mar 17

ROCE\*

19%

ROE\*

28%

- ROCE calculated as - Trailing 12 Months (TTM) EBIT/ (Total Debt + Shareholders Equity)
- ROE calculated as - Trailing 12 Months (TTM) PAT/ Shareholders Equity

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# Recent Recognitions



Won **Gold** award in Allied Quality Concepts from



Sectoral Procurement Excellence - Chemical

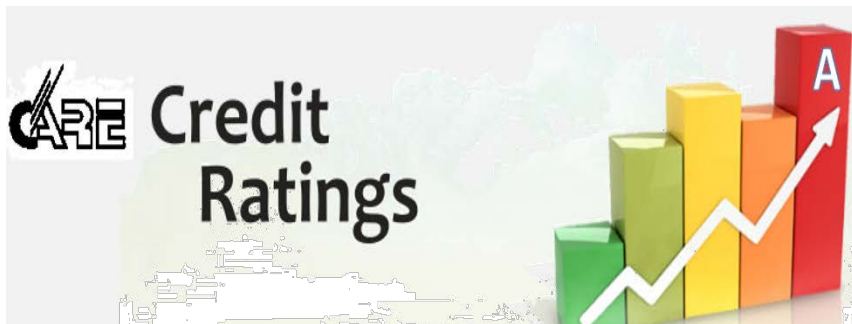
**ARCHITECTURE WORLD '17**

11 - 12 SEP, WASHINGTON D.C.

Winner of India Architecture Excellence Award in "Business Intelligence and Analytics"



Our two Spinning units were conferred with SIMA award for 2016



Winner of Gold award in international convention on Quality control circle 2016

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# Golden peacock award – Corporate governance

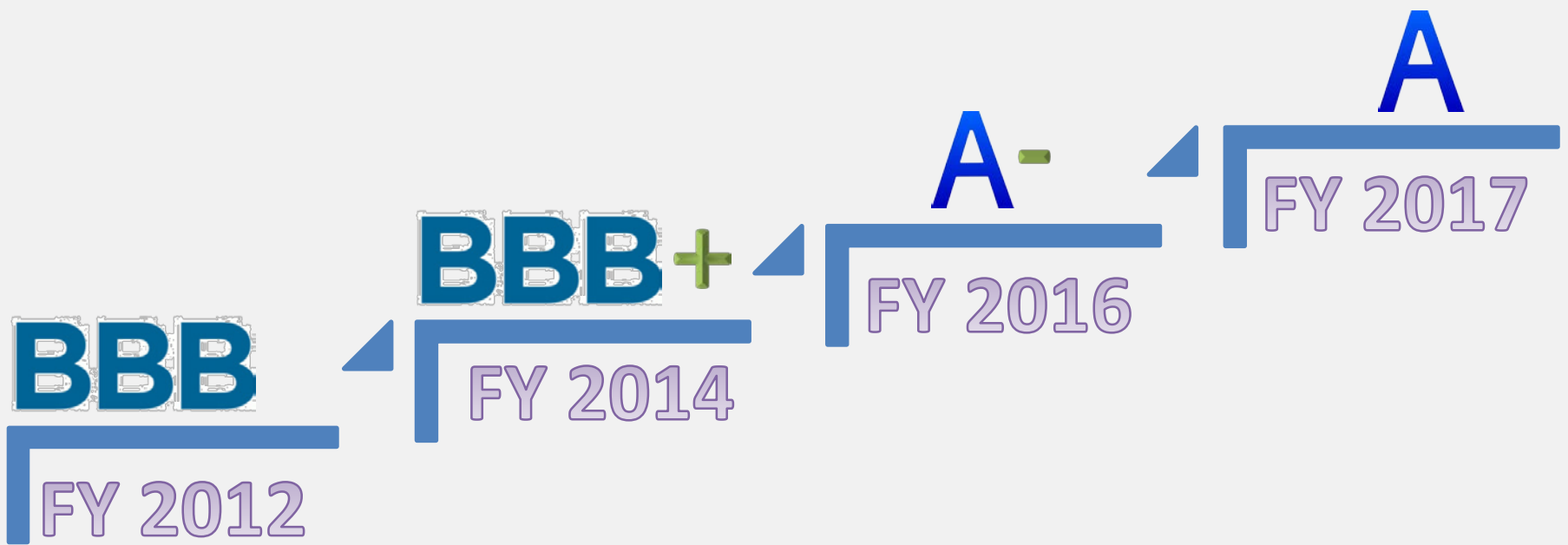


GHCL Ltd  
Wins

Special Commendation for Golden Peacock Award for Excellence in Corporate Governance – 2017” in its first attempt. Excellence in Corporate Governance

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# Enhanced Credit Ratings – Upgraded to A with Stable outlook



Achieved continuous rating upgrades in last few years

*Signature*

# Agenda

01

**Business Overview**

02

**Inorganic Chemicals Segment**

03

**Textiles Segment**

04

**Financials**

05

**Business Philosophy**



*- Zorhi van*



# 01

## Business Overview

*— Zorin*

# History and Milestones

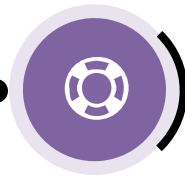
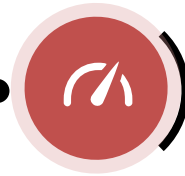
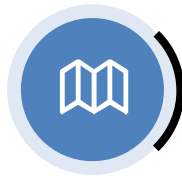


- Soda Ash production capacity increased to 850,000 tons/year
- Entered into Spinning business with 65,000 spindles which increased to 83,000
- Home Textile production commences with 36 mn metres processing capacity and 96 air jet looms

- Spindles capacity increased to 175,000
- Launch of 'i-FLO' salt and 'i-Flo Honey'
- Air jet looms capacity increased to 162

**2001 - 2006**

**2010 - 2015**



**1988 - 2000**

**2007 - 2008**

**2016 - 2017**

- Production of Soda Ash commences with an installed capacity of 420,000 tons/year which increased to 525,000 tons/year
- Production of Edible Salt commences and Launch of 'Sapan' salt

- Refined Sodium Bicarbonate plant commissioned
- Spindles capacity increased to 140,000

- Launched 'i-FLO' spices
- Soda Ash production capacity increased to 950,000 tons / year

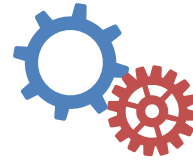
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## Cost leadership in the industry

### Inorganic Chemicals (59%\*)

- » **Among top 3 soda ash players with 9.75 Lakh MT capacity**
  - Catering 1/4<sup>th</sup> of Indian soda ash demand
  - Margin leader in the industry; one of the highest capacity utilizations
- » **Sodium Bicarbonate of 0.30 Lakh MT**
- » **Strong FMCG presence in South India with edible salt**
  - Expanding market reach by adding new geographies and product basket



## Presence across the value chain

### Textiles Segment (41%\*)



#### Spinning

1,75,000 Spindles  
3,340 Rotors



#### Weaving/Knitting

12 mn metres pa  
162 air jet looms



#### Processing

36 mn metres pa



#### Finished Product

30 mn metres pa

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02

# Inorganic Chemicals

*— 2000/04/20*

# Leading manufacturer of soda ash



**9.75L MT**

Soda ash capacity;  
25%+ market share  
of domestic demand

**Cost  
leadership**  
Captive sources  
of raw material

**90%+**

Capacity utilization;  
amongst highest in  
industry

**30%\***

EBITDA Margins;  
consistent high  
margins

## Captive sources of raw materials

- Captive control on fuel (largest cost component)
  - Only company having its own lignite mines
- Innovatively replaced imported met coke with in-house developed briquette coke.
- Other captive raw materials - salt and limestone
  - All limestone mines located within 40 km distance from the plant

Captive  
Consumption

Salt  
40%

Limestone  
25%

Briquette  
65%

Lignite  
15%

## Clients – major FMCG/ glass cos.

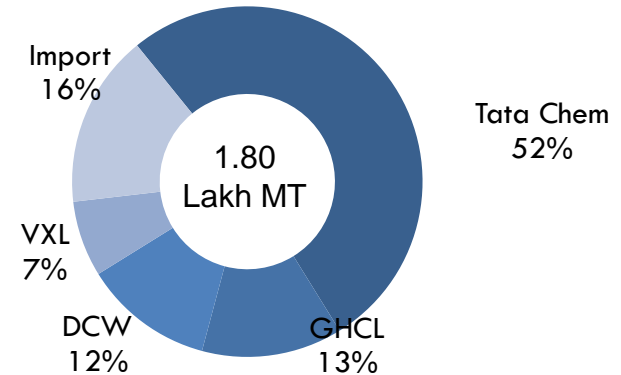


\* Based on last 3 year's average

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## Sodium Bicarbonate

- » Generally named as baking soda, bread soda, cooking soda and bicarbonate of soda
- » Used in Cooking, Pharmaceuticals, Fire Extinguishers, pH balancer, and Cleaning agent
- » Specialization and experience in manufacturing of around a decade
- » Capacity of 30,000 MTP



## FMCG

- » Premium edible Salt Manufacturer in South India
- » Size raw salt capacity is 1.50 Lakh MT spread over 3500 acres in Tamil Nadu; Refined Salt Capacity is 0.75 Lakh MT near Chennai
- »  Brands: Sapan & i-FLO which are well accepted among Category A stores in Major Southern cities
- »  Only company to launch Herbal Salt
- »  Pioneering Initiative in securing Halal Certification

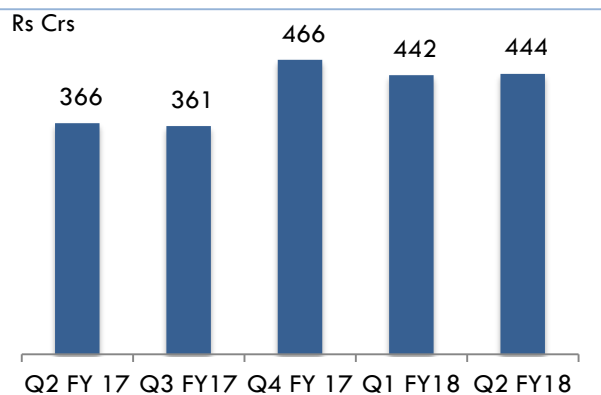


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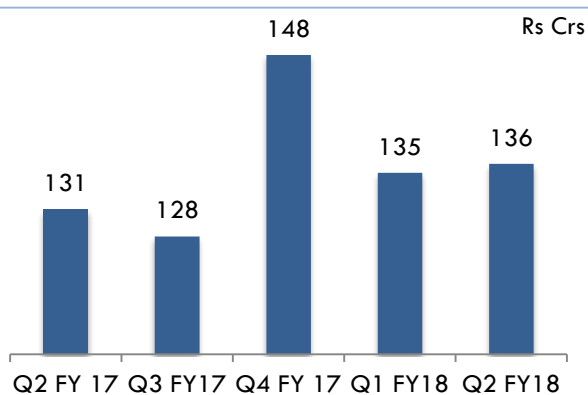
# Robust financial performance



## Revenue



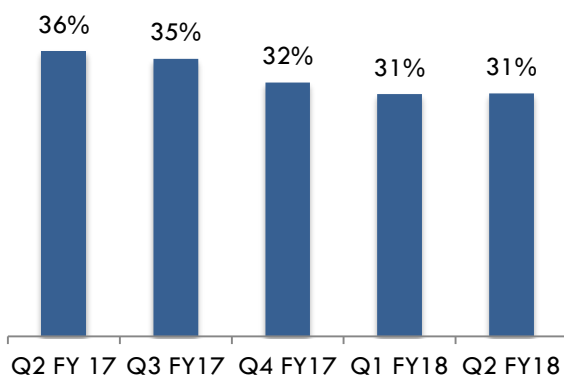
## EBITDA



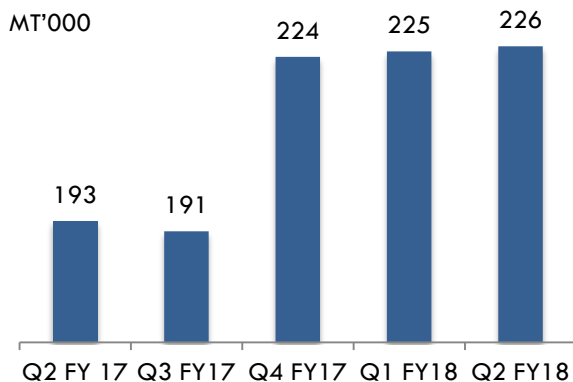
## Key performance highlights

- » Revenue growth of 21% for Quarter ended Sept 2018 Y-o-Y led by expansion benefit leading to higher volumes.
- » Achieved 95% utilization in Q2 inspite of historically a lean season due to monsoon effect.
- » Consistent Volumes of 2.25 Lakh MT (95% utilization) in last 3 quarters.
- » Stable EBITDA margins at 31 % for Q2 FY18.
- » Taken upward Price revision
  - Soda Ash - Rs. 500 per MT in Sept 2017
  - RBC – Rs. 400 per MT in Sept 2017 and Rs. 700 per MT in Oct 2017.

## EBITDA Margin



## Production in MT

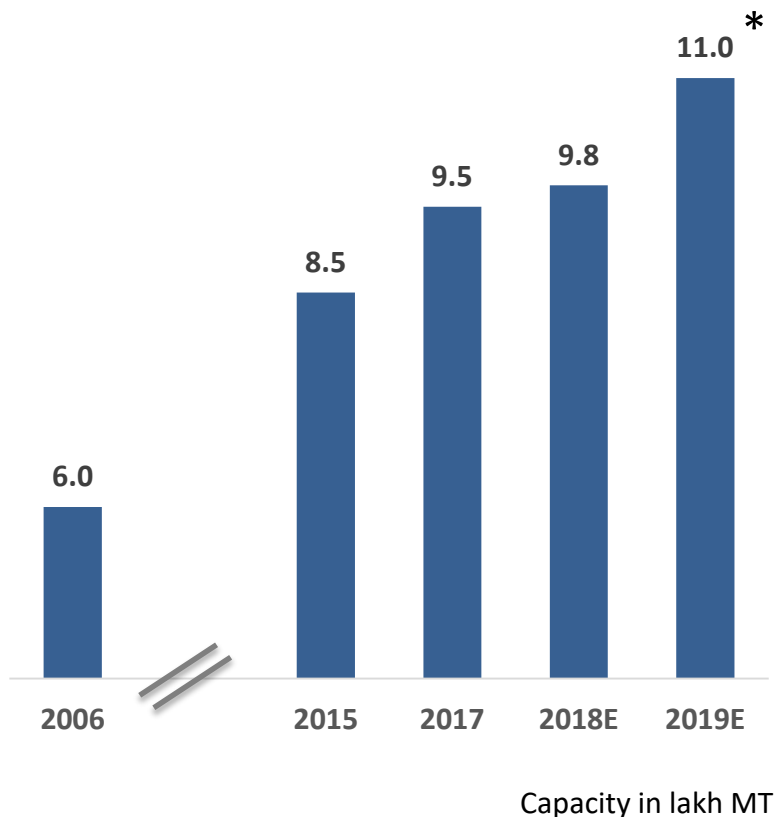


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# Capacity additions to spur growth



## Steady capacity additions



## Phase 1 expansion

- » Capacity expansion by 1 lac MT of Soda Ash completed during March FY17
  - Completion within timeframe and lower cost than expected

## Debottlenecking – By FY18

- » Next phase of Capex ( Phase-II ) by FY18
  - Debottlenecking in Soda Ash by 25K MT completed during the quarter
  - RBC by 30K MT expected by end of Q3 FY18

## Phase 2 – By FY19

- » Next phase of Capex expansion ( Phase-II ) to be completed by March 2019
  - Brownfield expansion of 1.25 Lakh MT
  - Estimated capex outlay Rs. 300 Crores (24K/MT)

\* Will propel volume growth FY2020

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# Global outlook on the soda ash industry



## INDIA

CAPACITY : 3.4 MMT

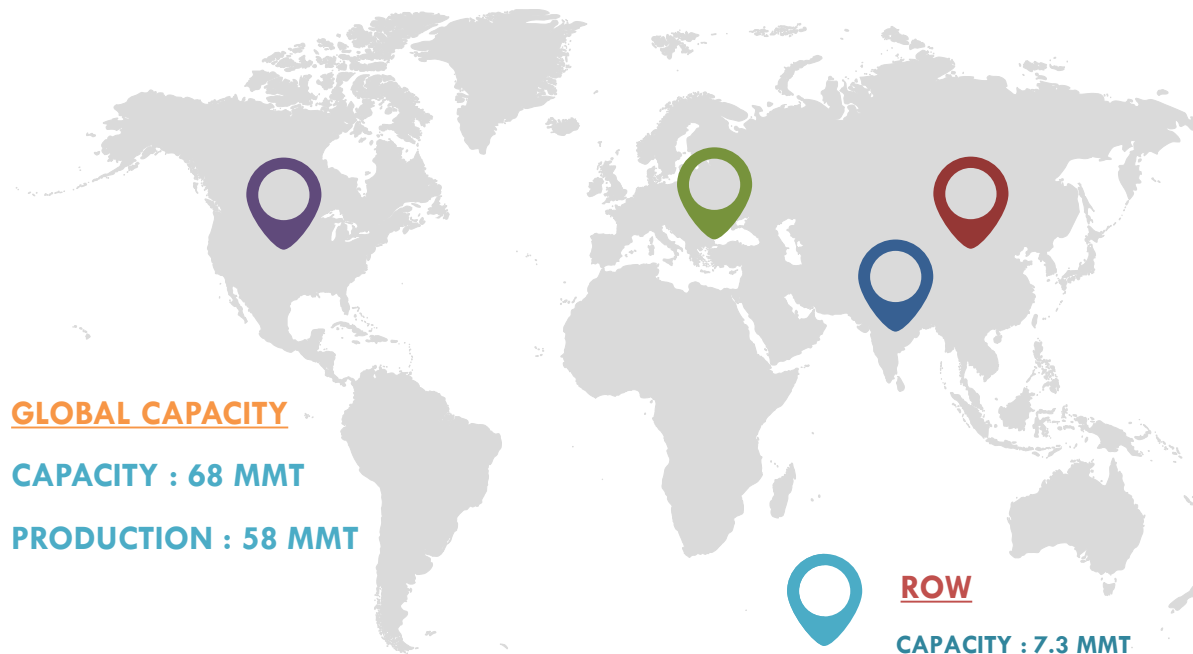
PRODUCTION : 3.0 MMT



## CHINA

CAPACITY : 32.0 MMT

PRODUCTION : 26.0 MMT



## GLOBAL CAPACITY

CAPACITY : 68 MMT

PRODUCTION : 58 MMT



## EUROPE

CAPACITY : 13.0 MMT

PRODUCTION : 12.0 MMT



## AMERICA

CAPACITY : 12.7 MMT

PRODUCTION : 12.2 MMT



## ROW

CAPACITY : 7.3 MMT

PRODUCTION : 5.3 MMT

## GLOBAL

- » Healthy demand growth is observed in world soda ash consumption.
- » Turkey's additional 2.5 mn MT is now expected to arrive in phased manner. Only major capacity expansion in world.
- » Environmental Issues and Margin over Volume theory in China has shrunk supplies in the region balancing Turkey's expansion thus fading the concerns of oversupply and pricing pressure.
- » Price increase has been witnessed on all Global counters recently.

## INDIA

- » Healthy demand growth expected during the year and next year.
- » New Supplies from GHCL and Nirma has been well absorbed.
- » Inline with International trend, Domestic players have also taken upward price revisions due to rising cost pressures.
- » 3 New Glass plants are expected to be commissioned over next 4-5 Months, adding new soda ash demand.
- » Soda ash market is likely to maintain buoyancy over next year.

Globally market is growing @ 2.5% pa requiring around 1.5Mn MT additional supplies every year.

# Home Textile Segment

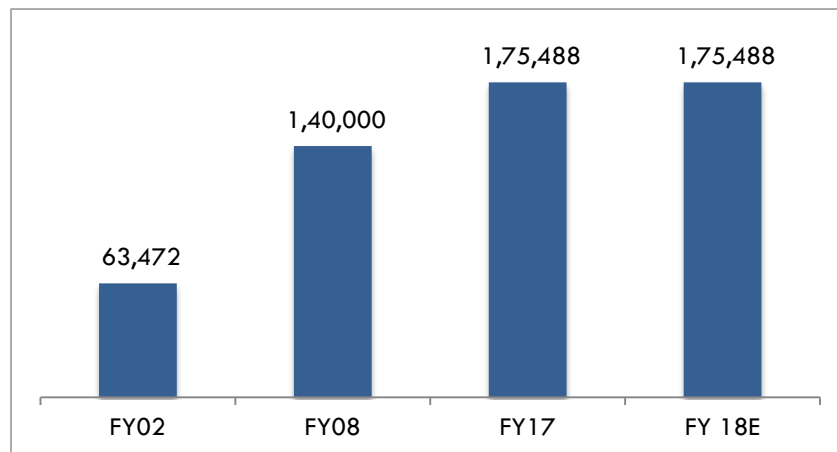
# 03

*— 2024/25*

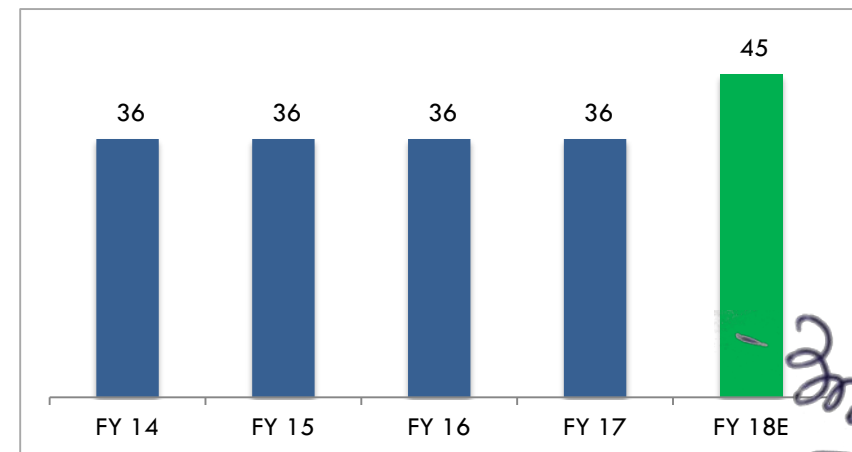
## Integrated Home Textile Player

- » Best in class spinning integration with close to double the requirement of home textile giving an opportunity to benefit from expansion of sheeting capacity
  - Spinning unit is located near Madurai in Tamil Nadu
  - Manufactures multiple varieties of yarn ranging from 16s to 32s in open end, 30s to 120s in ring spun compact counts in 100% cotton and 24s to 70s counts in blended yarns
  - Compact spinning and valued added yarn capacity
  - 27.2 MW windmill capacity
- » State-of-the-art home textiles facility at Vapi with weaving, processing and made ups
  - Best of plants and equipment sourced from Germany and Japan - Beninger, Kuster, Monforts
  - Flexibility to process both cotton and blended fabrics

### Spindles Capacity



### Sheeting Capacity (mn metres)



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# Diversified product portfolio with global clientele

## Product Range

### » Sheeting

- Sheets
- Duvet
- Bed Skirt

### » Filled Articles

- Quilted Flat Sheets
- Comforter and
- Comforter Shells

### » Pillows

- Pillows
- Shams
- Cushions

## Innovative Products



» Perfect fit sheets fit perfectly to the size of the bed

» Reduces Bed making Process



» Softer than cotton

» Better moisture absorption and ventilation



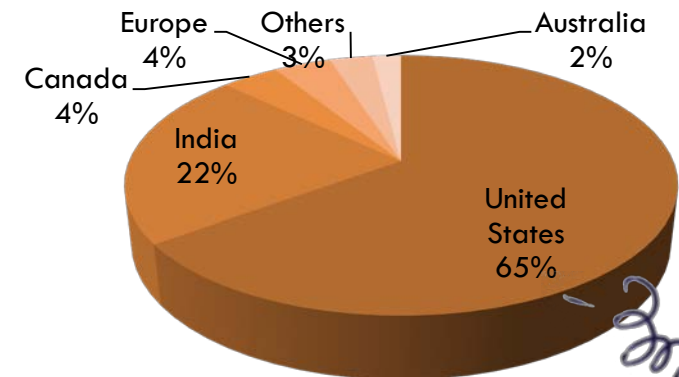
» 100% cotton

» Fitted

## Marquee home textile clients across the globe



## Global presence in sheeting



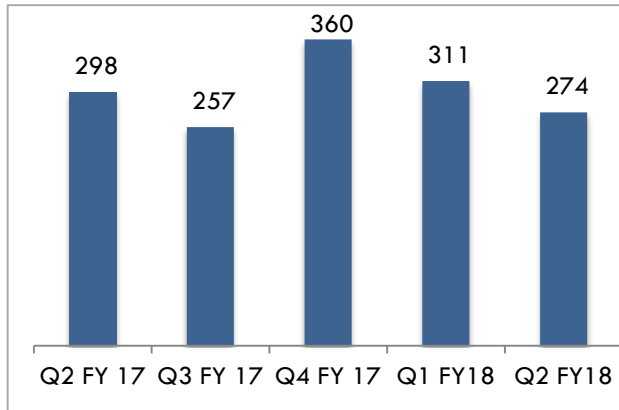
\* Based on FY17 sales mix

# Textile Segment - Quarterly Performance

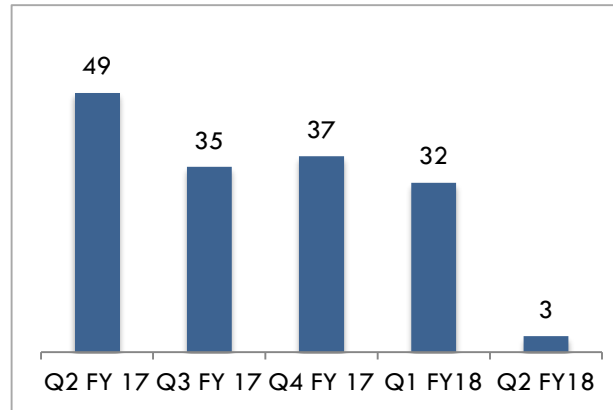


Rs Crs

## Revenue



## EBITDA

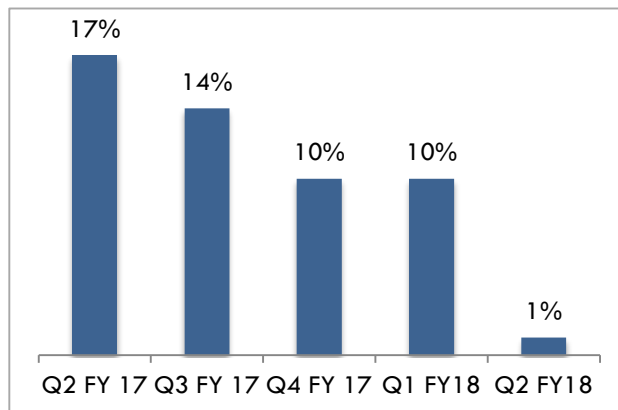


## Key performance highlights

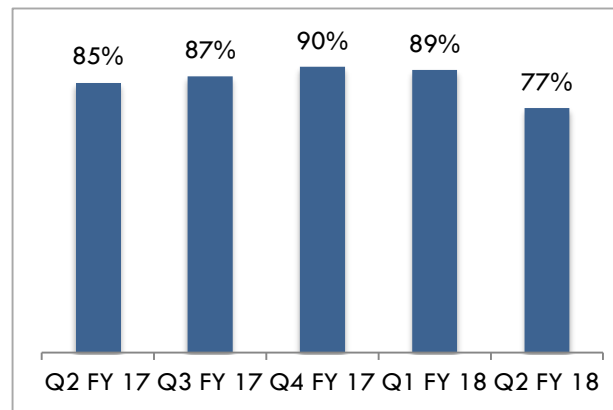
» Textile industry is witnessing headwinds due to :

- » Dollar devaluations.
- » Uncertainty due to GST.
- » Oversupply situations.
- » Stiff competition in US between Brick n 'Motor stores with E-commerce

## EBITDA Margin



## Capacity Utilization



» Revenue

- Drop by Rs. 25 crore mainly due to lower sales in sheeting segment.

» EBITDA Margins

- Significant drop due to loss of high margin business and certain customers facing financial stress

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04

**Financials**

*— 2000/01*

# Profit & loss statement



Rs. In Crores

Particulars	Q2FY18	Q2FY17	% Change	Q1FY18	6MFY18	6M FY 17
Sales	717	665	7.8%	753	1471	1347
Operating Expenses	578	484		586	1165	970
<b>EBITDA</b>	<b>139</b>	<b>180</b>	<b>-23%</b>	<b>167</b>	<b>306</b>	<b>377</b>
<i>EBITDA Margin</i>	19%	27%		22%	21%	28%
Depreciation	25	22		25	51	43
<b>EBIT</b>	<b>114</b>	<b>158</b>	<b>-28%</b>	<b>142</b>	<b>255</b>	<b>334</b>
Interest	35	33		31	65	68
Exceptional Items	-	3		-	-	3
<b>Profit Before Tax</b>	<b>79</b>	<b>122</b>	<b>-35%</b>	<b>111</b>	<b>190</b>	<b>262</b>
Tax	26	32		-47	-21	69
<b>Profit After Tax</b>	<b>53</b>	<b>90</b>	<b>-43%</b>	<b>158</b>	<b>211</b>	<b>193</b>
<i>PAT Margin</i>	7%	14%		20%	14%	14%

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# Balance Sheet



Rs. In Crores

Particulars	Sept-17	March-16	Change
<b>Net fixed &amp; other non current assets (A)</b>	<b>2508</b>	<b>2472</b>	<b>35</b>
Current Assets	924	995	-71
Less: Current Liabilities	454	444	10
<b>Working Capital (B)</b>	<b>470</b>	<b>552</b>	<b>-82</b>
<b>Capital Employed (A+B)</b>	<b>2978</b>	<b>3024</b>	<b>-46</b>
Share Capital	97	100	-3
Reserves & Surplus	1362	1251	111
<b>Net Worth (A)</b>	<b>1459</b>	<b>1351</b>	<b>108</b>
<b>Deferred Tax &amp; ORS (B)</b>	<b>160</b>	<b>242</b>	<b>-82</b>
Long Term Debt	660	698	-38
Short Term Debt (Including Buyer Credit)	542	514	28
Due in 1 Yr	158	219	-61
<b>Total Debt ( C )</b>	<b>1360</b>	<b>1431</b>	<b>-71</b>
<b>Total (A + B + C)</b>	<b>2978</b>	<b>3024</b>	<b>-46</b>

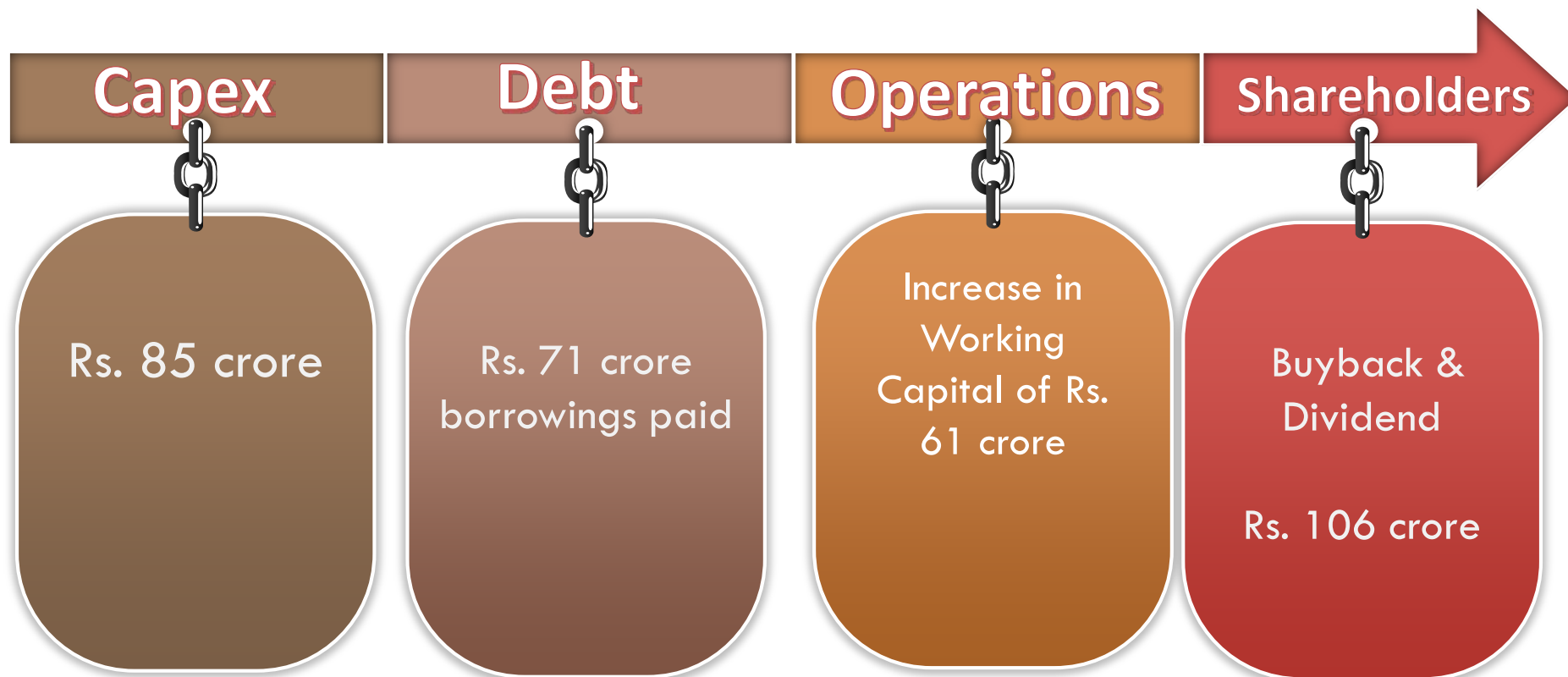
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# ..leading to efficient cash flow management



Generated Cash Profits (net of Tax) of **Rs 200 Cr.**



**WORKINGCAPITAL**



SHAREHOLDERS

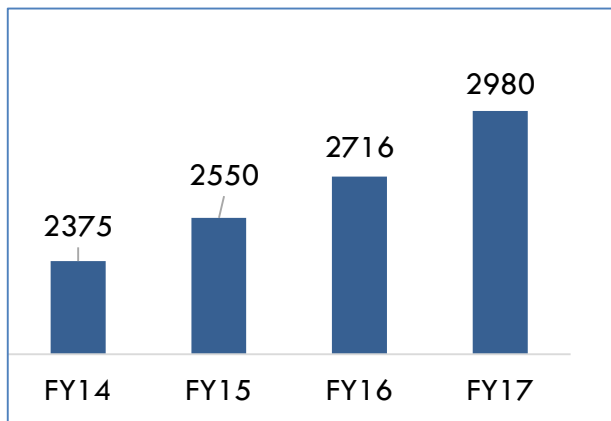
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# Robust growth with improving profitability

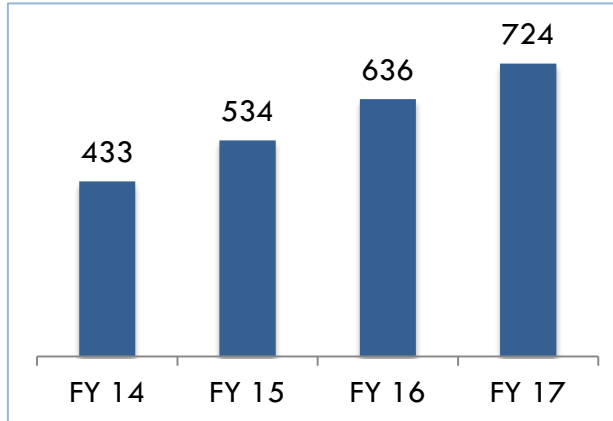


Rs Crs

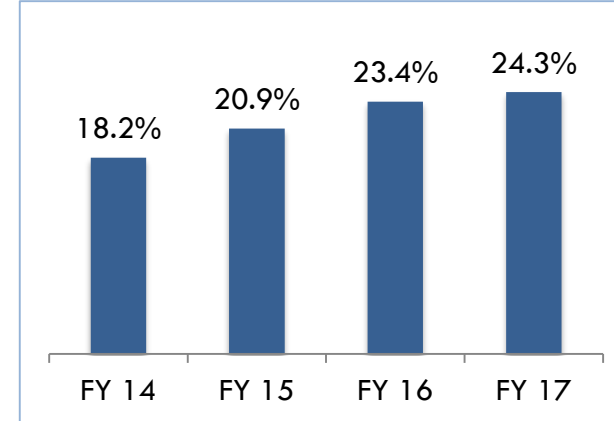
## Revenue (8% CAGR)



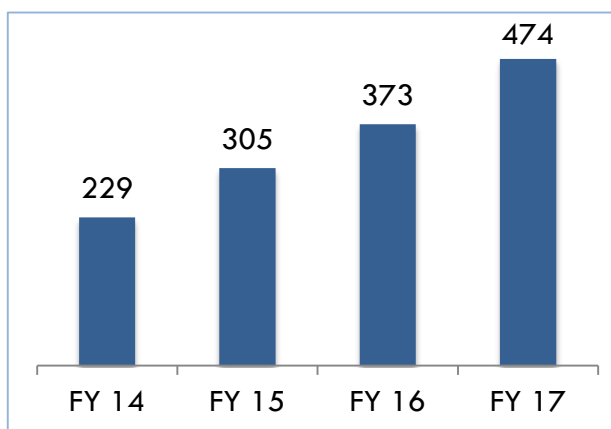
## EBITDA (19% CAGR)



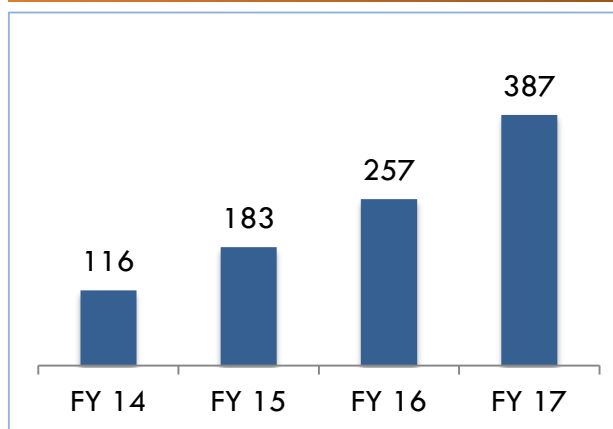
## EBITDA Margin



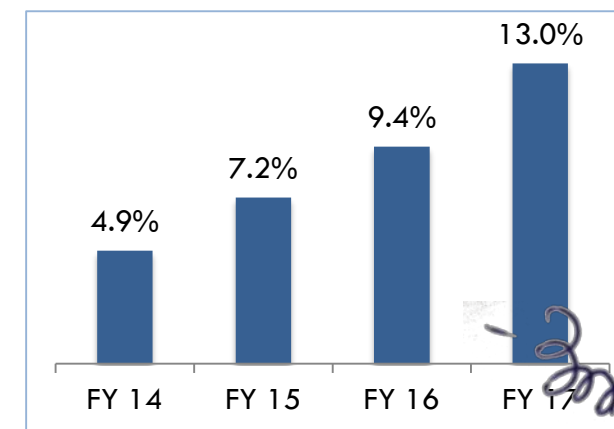
## Cash Profit (28% CAGR)



## PAT (49% CAGR)



## PAT Margin

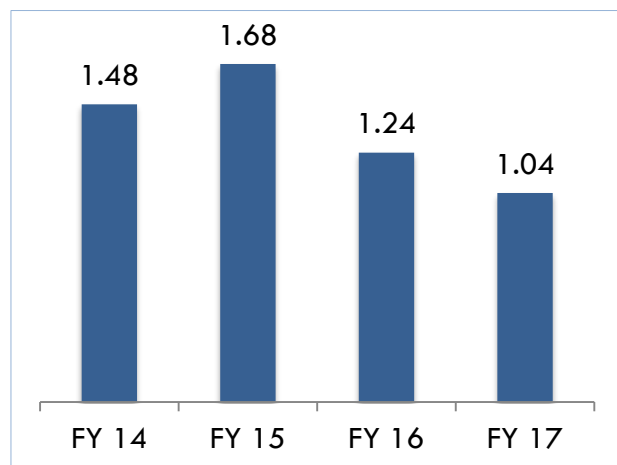


# And improving return ratios

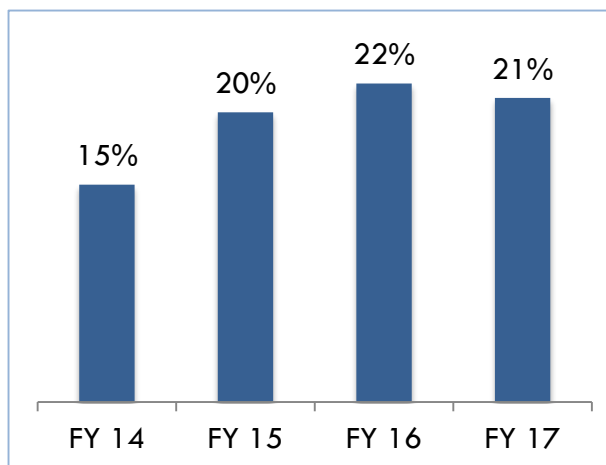


Rs Crs

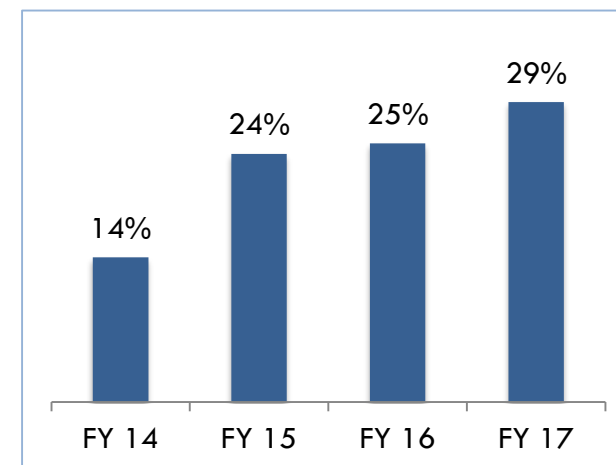
### Net Debt/Equity



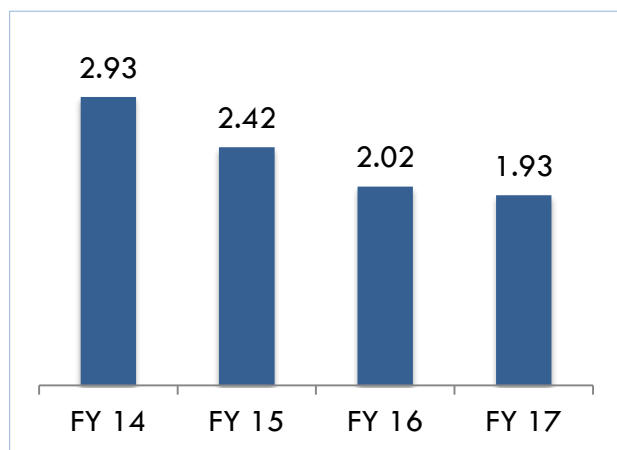
### ROCE



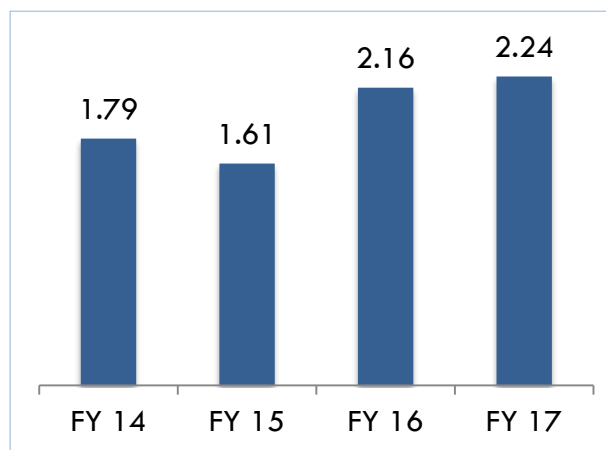
### ROE



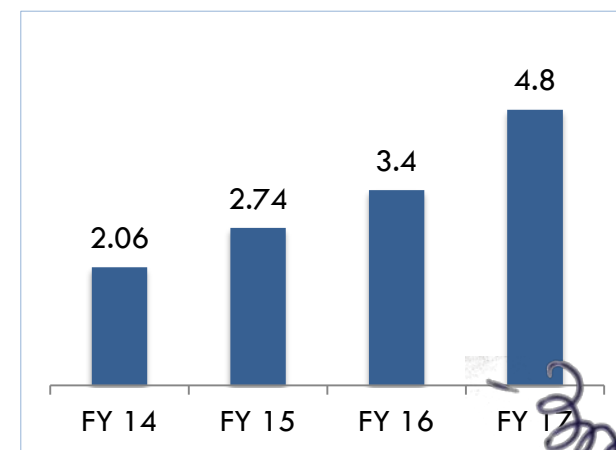
### Net Debt/EBITDA



### Current Ratio



### Interest Coverage Ratio



Standalone Financials

- ROCE calculated as - Trailing 12 Months (TTM) EBIT/ (Total Debt + Shareholders Equity); ROE calculated as - Trailing 12 Months (TTM) PAT/ Shareholders Equity;

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**Business Philosophy**

**05**

*— 2024/2025*

# Professional management



**RS Jalan**  
Managing Director

- Unique leadership style with endeared managerial abilities drives all businesses alike.
- Qualified Chartered Accountant, profess deep business understanding and excellent analytical skills.



**Raman Chopra**  
CFO & Executive Director

- Spearheading GHCL's Finance and IT functions.
- Qualified Chartered Accountant with sharp financial acumen, negotiation skills and a great passion for technological advancements and specialization in Greenfield expansion.



**Sunil Bhatnagar**  
Marketing Head, Soda Ash

- Associated with the Company for over 22 years
- Degree in law and diploma in management



**Manu Kapur**  
President & CEO, Home Textiles

- Industry veteran with more than 2 decades experience
- his vast experience in Home Textiles Sourcing in previous assignments with Ikea and J C Penny.



**NN Radia**  
COO, Soda Ash

- Associated with the Company since 1986.
- Bachelor in mechanical engineering.



**M. Sivabalasubramanian**  
SVP, Spinning

- Vast experience in cotton procurement and manufacturing operations .
- Bachelor in textile engineering.

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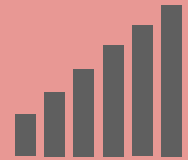
# Business philosophy going forward...



01

## Robust and Profitable Growth

To grow profits at CAGR 20%



02

## Focus on Value Systems

To create a value systems that defines our Culture



03

## Sustainable Inclusive Growth

Business Philosophy of “Sustainable Inclusive Growth” involving all the stakeholders



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# Sustainable Inclusive Growth



## Education

- More than 4500 students being educated in 27 villages from pre-school to graduation
- Under Vidya Jyot Project, promoting education for village kids with LEP inputs

## Environment & Sustainability

- Reclaimed more than 350 Hectares of waste lands.
- Creating water reservoirs on mined lands through water harvesting
- Creating agricultural growth through land refill on waste/mined land

## Promoting Rural Health

- Impacted over 50000 lives through various health initiatives like Eye Camps, Cataract, Spectacles consultation and medicines
- Creating awareness for Cancer detection along with Gujarat Cancer Research Institute.
- Free Medical checkups every Sunday for rural health awareness.



## Village Sanitation

- Promoting Tata Water Mission with "1 Day 1 Village Campaign".
- Constructed 5316 toilet units in 66 villages.
- Around 100 toilets under process in 30 villages.

## Women

### Empowerment

- 100+ women from 6 villages, taken to district level women empowerment seminar organized by WASMO.
- Organizing Industrial Tailoring Training in Bhilad, for skill development and better livelihood.

## Healthy Agricultural Practices

- 650+ farmers in 43 villages were provided organic manure at 50% of cost.
- We make sure more than 1,600 hectare of land is free from harmful chemicals.
- Drip/Sprinkler Irrigation implemented in 44 villages benefiting 1120 families.

संरक्षित



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